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REAL ESTATE

The Belnord on Upper West Side Gets a New Owner

Major New York developer buys century-old apartment complex



The Belnord at 225 W 86th St.

PHOTO: DBOX

By Josh Barbanel

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The Belnord, a graceful, century-old apartment complex on the Upper West Side, has been through its ups and downs over the years, including two brushes with foreclosure and a landlord-tenant fight that lasted for several decades.

Now it's beginning a new chapter. In a sign of a surging residential market, the residential portion of the building sold on Thursday for about \$575 million to HFZ Capital Group, a major New York developer that is in the midst of two other condominium conversions of prewar buildings on the West Side.

The price, after extensive restoration work by the seller, Extell Development Co., works out to more than \$1,000 a square foot, or \$2.64 million, for each of the 218 apartments, many of them

large, gracious spaces with original moldings, parquet floors and fireplaces overlooking a large central court yard.

Ziel Feldman, chairman of HFZ Capital, declined to discuss his plans for the building, citing state condominium rules. But he said condo units in older buildings on the Upper West Side can command a 25% premium over other buildings, even without park or river views.

“There are those people who only want to live in a glass tower,” he said. “Others only want to live in prewar buildings.”

A limestone-and-brick Italian Renaissance structure, the Belnord fills an entire square block on the east side of Broadway between West 86th and West 87th Streets, with a large central court yard. The expansive apartments were designed so that bedrooms face the quiet interior yard, while public rooms face the street

When it opened in 1909, it was described as the largest apartment building in the country. The city’s landmarks-preservation commission has called it one of several projects at the time that set “a rarely surpassed standard for multiple dwellings” in New York.

But in the 1930s, the Belnord was foreclosed on by lenders. Later, tenants and a landlord went to war, prompting decades of lawsuits and housing complaints, as well as a 16-year rent strike by half the tenants.

The dispute was settled only when the longtime owner sold the building in 1994 for \$15 million to a group of investors that included Mr. Feldman; Gary Barnett, president of Extell Development Co.; and Kevin Maloney, a principal at Property Markets Group.

Mr. Feldman said the group made peace with the tenants and began restoring long-neglected building systems and fixing apartments. Mr. Barnett eventually bought out his partners.

At the height of the previous real-estate boom, Extell borrowed \$375 million in a mortgage that was securitized, and planned to convert the 218 apartments to market rents. At the time the building was valued at \$774 million, improvements included.

But in 2011, the Belnord fell behind on its payments. Extell told lenders that it had renovated many apartments but that a Court of Appeals ruling that landlords could not raise rents on buildings with a J-51 tax abatement had kept rents low, according to Trepp LLC, a provider of information on securitized mortgages. By 2012 the appraised value had fallen to \$283 million.

Extell negotiated a reduced interest rate with lenders and a two-year forbearance agreement that was nearing expiration when Thursday’s sale closed. It retains control of five retail stores that were valued at \$99 million, according to a 2013 broker estimate.

“For the last 20 years, the Belnord has been a labor of love,” Mr. Barnett said. “I am pleased to say we have transformed the Belnord into the magnificent landmark state that it deserves while maintaining excellent relations with the longtime Belnord tenants.”

Mr. Feldman said he is continuing the work done by Extell to restore the building. In January, HFZ put the Chatsworth, a landmark 1904 Beaux-Arts style building on 72nd Street near Riverside Drive, on the market. A second restored building, the Astor on Broadway between West 75th and West 76th Street, is due to go on the market this spring.

Write to Josh Barbanel at josh.barbanel@wsj.com

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